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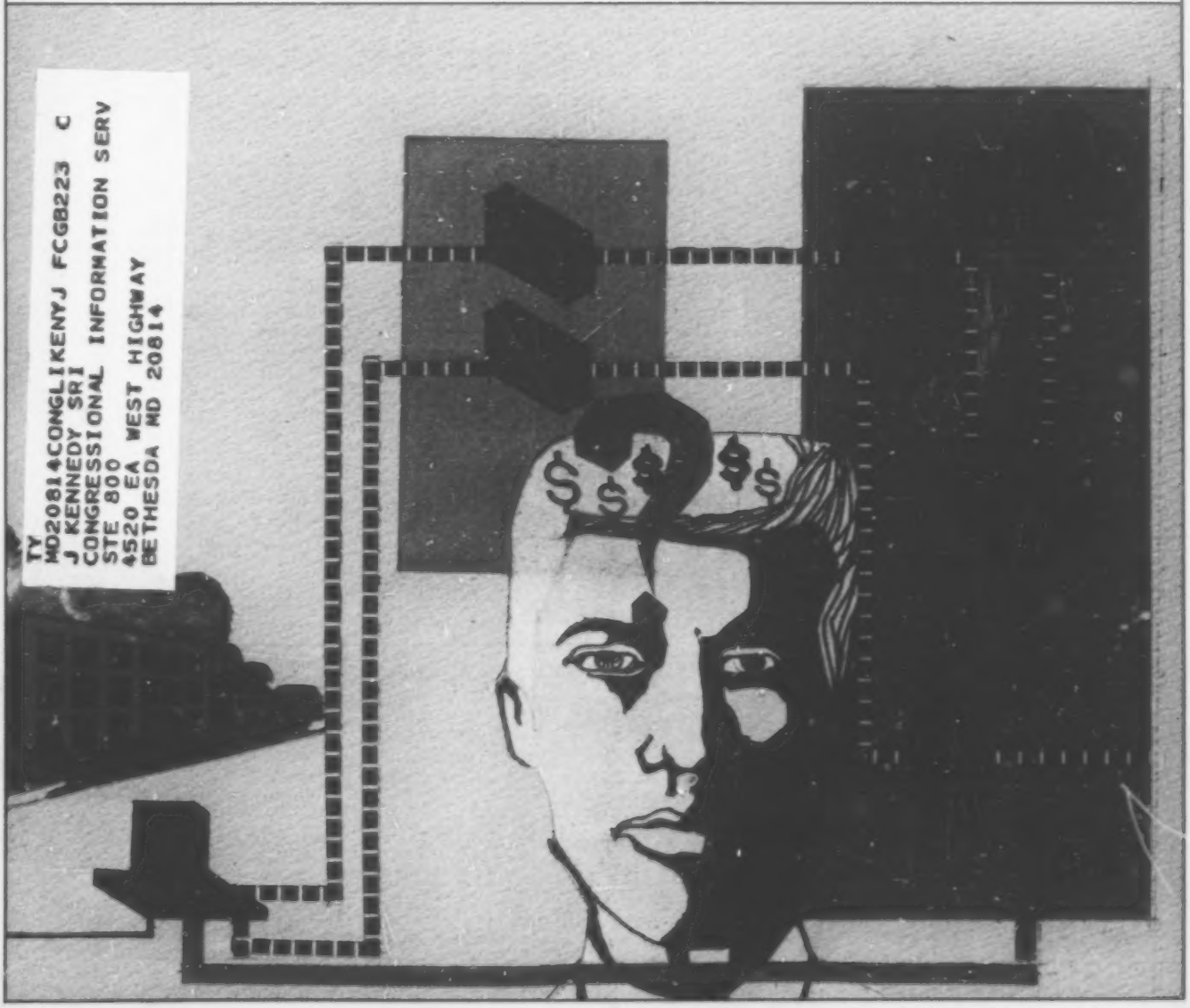

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International survey compares telecom costs around the world

THIS YEAR'S international survey on telecommunications costs conducted by National Utility Service (NUS), New York, during the period Jan. 11, 1984, to Jan. 11, 1985, reveals that U.S. rates for long distance telephone service declined by an average of 5.9%, to $1.28 per 3 minute call.

NUS attributes this decline to the new competitive environment following the end of the Bell System monopoly, but cautions that prices alone are not a reliable indicator of industry trends, especially when it comes to choosing a long distance carrier.

With more than 400 ways to make a long distance telephone call, at prices that vary by as much as 2000%, the moderate price decline recorded in this year's survey has not had a significant effect on ultimate user costs. A knowledge of when, where and how many calls are made, and an understanding of how this information compares to available rates, by monthly audits, is the only sound method a business has to ensure that a carrier is the most cost effective for its needs. This is a task not easily done, but it is the only reliable method.

NUS points out that in choosing a long distance carrier, price is only one element of the equation and not necessarily the most important one. Before equal access, private long distance carriers were granted a discount on connection fees to local Bell operating companies. With equal access, these companies lose that discount at the same time they will be subject to other cost pressures such as network expansion and high marketing expenses, and the recent price decline may be the calm before a very competitive storm that likely will increase prices in the near future.

Other survey results for the U.S.

Table 1
International telephone/telex cost comparison — January 1985 vs. 1984
(National Utility Service, Inc.)

Country	U.S.	France	U.K.	Canada	Italy	FDR	Belgium
Annual inflation rate	3.0%	6.8%	4.9%	4.0%	10.5%	2.0%	5.7%
Local telephone							
1984	0.071	0.056	0.098	0	0.053	0.073	0.078
1985	0.071	0.077	0.105	0	0.066	0.073	0.078
Change (%)	0%	+37.5%	+7.1%	0%	+24.5%	0%	0%
Long distance telephone							
1984	$1.36	$0.85	$0.59	$1.43	$0.74	$1.09	$0.35
1985	1.28	1.16	0.51	1.46	0.85	1.09	0.35
Change (%)	-5.9%	+36.4%	-13.5%	+2.1%	+15.0%	0%	0%
International telephone							
1984	4.60	4.10	1.85	4.52	5.36	6.97	5.70
1985	4.72	4.00	2.05	4.52	5.77	6.97	5.70
Change (%)	+2.6%	-2.4%	+10.8%	0%	+7.6%	0%	0%
Local telex							
1984	1.03	0.30	0.10	0.42	0.25	0.38	0.21
1985	1.14	0.33	0.11	0.43	0.28	0.38	0.21
Change (%)	+10.7%	+10.0%	+10.0%	+2.4%	+12.0%	0%	0%
international telex							
1984	4.44	2.48	1.78	5.08	3.73	3.13	3.84
1985	4.44	2.48	1.78	5.08	4.11	3.13	3.84
Change (%)	0%	0%	0%	0%	+10.1%	0%	0%

All prices based on a 3 minute call.

show that rates for local service were unchanged for international telephone and local telex rose by 2.6% and 10.7%, respectively, while international telex rates remained steady at $4.44 per 3 minute call.

Among the European Economic Community (EEC) industrialized nations, France recorded the largest price increases. Local call rates were up 37.5% and long distance rates were up 36.4%. Local telex rates increased by 10.0%, although international telex rates were unchanged. International telephone charges declined by 2.4% to $4.00 per 3 minute call.

The huge increases in local and long distance rates have been injected into the French political arena, with some politicians claiming that the government is using the profits from the national telecommunications administration to subsidize tax cuts promised for 1985.

In the U.K., local call charges increased by 7.1% to 0.11¢ per 3 minute call and are the most expensive of the surveyed countries. International telephone charges also rose, by 10.8% to $2.05 per 3 minute call, but are the lowest international rates in the survey. British subscribers have the cheapest international charges and the highest local charges among the industrialized nations. This is bad news for consumers, because some 70% of telephone usage in Britain consists of local calls.

Long distance telephone rates declined by 13.5%, to $0.51 per 3 minute call, a move that reflects the apprehension of British Telecom (BT) over the threat of imminent competition from Mercury Communications, the only competitor of BT. Local telex rates also increased by 10.0%, while international telex rates were unchanged at $1.78 per 3 minute call, the lowest such rates in the survey.

Canadian local telephone call charges are the cheapest; in fact, they are free. However, Canada is expected to begin levying local call charges in the future, perhaps even in the near future, to keep international rate increases to a minimum. International rates, currently at $4.52 per 3 minute call, were unchanged in the survey year.

Local telex rates rose by 2.4%, although international telex rates were unchanged. However, at $5.08 per 3 minute call, they are the highest in the survey. Long distance telephone rates increased by 2.1%, to $1.46 per 3 minute call. This figure was again the highest in the survey.

Local telephone call charges in Italy increased by 24.5%, but except for Canada, are the lowest in the countries surveyed. Long distance telephone rates rose by 15.0%, to $0.85 per 3 minute call. International telephone rates in Italy rose by 7.6%, the second highest percentage increase after the U.K. Local and international telex rates rose by 12.0% and 10.1%, respectively.

The Federal Republic of Germany has the highest international telephone service rates among the surveyed nations, at $6.97 per 3 minute call, although no increases were recorded in the survey year. No other changes were recorded.

Long distance telephone charges in Belgium were unchanged at $0.35 per 3 minute call, and are the lowest such rates in the survey. No other changes were recorded.

The NUS International Survey on Telecommunications Costs is conducted annually and is based on prices actually paid by the company's clients at 750,000 business locations around the world. □

DIGITECH

SPECIAL REPORT Nº 2

Equal Access: The Technical Aspects

Since the divestiture of AT&T, knowing exactly "what goes on" behind the dial of a telephone is vital to a company's successful conversion to equal access.

The technical ramifications and concepts involved with the connection to the trunk side of a central office are complex and raise many important questions: Can you convert to equal access without disposing of inplace equipment? If so, can you economically convert from line side access (Feature Group A) to trunk side access (Feature Group B or D)? Or can any system effectively handle the automatic number identification, the various sets of signaling protocols and the classes of service?

Digitech Communications has addressed these questions — and the technical problems they generate — with the development of the EAS-40 Equal Access System. The EAS-40 enhances an existing Interchange Carrier's (IC) switch to accept Feature Group D protocols *without* modification to the switch — or the billing system. The EAS-40 also converts a nonconforming central office into a conforming central office by allowing it to offer Feature Group D trunks to IC's.

Digitech is pleased to offer the second in a series of informative reports prepared by our experts on equal access. This second report, providing clear definitions of techniques and concepts on trunk side access, is now available at no charge. Special report No. 1 provided background information on equal access and is still available. To receive your free copy, simply check our number on the reader service card or call, toll free: 1-800-824-0437.

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DIGITECH Communications, Inc.
914 Bob Wallace Avenue SW
Huntsville, AL 35801
1-205/533-5941
1-800/824-0437
A Subsidiary of DIGITECH, Inc., St. Louis, MO

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